



**STAFF REPORT**

**TO:** Board of Directors  
**THRU:** Mark Foree, General Manager  
**FROM:** John Enloe, Operational Strategies Manager  
**DATE:** December 7, 2015  
**SUBJECT:** **Discussion and action on the Golden Valley Artificial Recharge Program Agreement to provide water service under the Firm Standby Partial Requirements Rate Schedule**

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**RECOMMENDATION**

Staff recommends that the Board approve an Agreement between Truckee Meadows Water Authority (“TMWA”) and Washoe County to Provide Water Service Under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program.

**Possible Motion:** “I move to authorize the General Manager to execute the Agreement to Provide Water Service Under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program.

**BACKGROUND**

The Golden Valley Artificial Recharge Program was first initiated as a test program in the mid-1990s and subsequently developed into a continuously operated artificial groundwater recharge program in 2002 when Washoe County adopted Ordinance 1166. Under the terms of the ordinance (currently Ordinance 1548), approximately 613 Golden Valley property owners who rely on domestic water wells pay Washoe County \$22.66 per month in support of the Recharge Program.

The County is responsible for operating and administering the Golden Valley Artificial Recharge Program, including computation and preparation of user charges, responding to homeowner and/or media inquiries and issues, billing and collection of accounts from Golden Valley residents, maintaining books and records, and other costs and liabilities associated with the program, including utility costs, water supply, etc.

The delivery of potable water used for recharge of the aquifer is supplied from TMWA, and the water resources required for the Recharge Program have historically been leased by the County from various sources. Since 2003, approximately 70 to 80 acre feet (“AF”) of potable water have been injected into the underlying aquifer at four well sites each year.

Beginning in 2011, at the request of residents who participate in the Recharge Program, Washoe County began the purchase of suitable water resources with the plan to purchase the required water resources and cease leasing water resources from others. To date, 43.97 AF of Truckee River water resources have been purchased using Recharge Program funds.

With the recent drought conditions and subsequent examination of the conditions of the existing water service, it was determined that the current water service is an interruptible service and therefore could be turned off by TMWA under certain conditions, such as drought and low water flows in the Truckee River. With this understanding, Washoe County and TMWA staff worked out a solution, resulting in the recommended Agreement. The Agreement is also on the Washoe County Commission's agenda for consideration on December 8, 2015.

## **DISCUSSION**

Under the terms of the "Agreement to Provide Water Service under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program" ("Agreement"), Washoe County will modify its existing potable water service, transfer certain Washoe County owned water resources to TMWA, and purchase TMWA Rule 7 water resources.

Specifically, the Agreement provides for the following:

- Conversion of an interruptible potable water service to the FSPR Rate Schedule. TMWA intends that service to the County shall not be reduced or interrupted to any greater or lesser extent than service to other customers of TMWA.
- The additional annual cost of service will be approximately \$13,300 for the delivery of approximately 80 AF of water per year, not to exceed 50 gallons per minute maximum day demand.

Washoe County plans to transfer 43.97 AF of certain Truckee River surface water resources previously purchased for the Recharge Program, and immediately purchase 21.03 AF from TMWA's Rule 7 water inventory at the current price of \$7,520.00 per AF. TMWA will then issue the County a will serve commitment equal to the amount of water rights dedicated for the Golden Valley Recharge Program.

Based on available funding, Washoe County plans to purchase an additional 5 AF of TMWA Rule 7 resources each year over the next three years at the purchase price in effect at that time. These future water resources will be incrementally added to the will serve commitment.

## **SUMMARY**

Staff recommends that the Board approve the Agreement between Truckee Meadows Water Authority and Washoe County to Provide Water Service Under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program.

**Attachments:**  
Agreement

**AGREEMENT TO PROVIDE WATER SERVICE  
UNDER THE FIRM STANDBY PARTIAL REQUIREMENTS RATE SCHEDULE FOR THE  
GOLDEN VALLEY ARTIFICIAL RECHARGE PROGRAM**

This Agreement To Provide Water Service Under The Firm Standby Partial Requirements Rate Schedule For The Golden Valley Artificial Recharge Program ("Agreement") is made by and between the Truckee Meadows Water Authority, a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada and Sparks, Nevada and Washoe County, Nevada, pursuant to N.R.S. Chapter 277 ("TMWA") and Washoe County ("County"), a political subdivision of the State of Nevada, and is dated for identification purposes as of \_\_\_\_\_, 2015.

**WITNESSETH:**

WHEREAS, County and TMWA are public agencies authorized by chapter 277 of the Nevada Revised Statutes to enter into cooperative agreements with each other for the performance of governmental functions.

WHEREAS, in response to declining water levels in Golden Valley, a sub-basin to the East Lemmon Valley hydrographic basin, residents in Golden Valley requested that the County implement a groundwater injection program to stabilize the declining groundwater levels by injecting Truckee River treated surface water into the Golden Valley aquifer. The aquifer is relied upon by local residents as their primary source of water for domestic wells.

WHEREAS, in 2002 the County adopted by ordinance the Golden Valley Recharge Program ("Golden Valley Recharge Program"), which program is funded through collections from parcels in the program area under Washoe County Ordinance 1548. The County owns and operates four injection wells, monitoring wells, valves, mains and related facilities which the County operates in conjunction with the Golden Valley Recharge Program and which are more particularly depicted in Exhibit "A" attached hereto ("GV Facilities").

WHEREAS, on or about January 29, 2010, the County and TMWA entered into that certain Interlocal Agreement Governing the Merger of the Washoe County Department of Water Resources Water Utility Into the Truckee Meadows Water TMWA ("Merger Agreement") pursuant to which the parties agreed to merge the Washoe County water utility into TMWA. On December 31, 2014, TMWA acquired the water distribution systems of the County in connection with the Merger Agreement.

WHEREAS, the GV Facilities were not included as part of the Merger Agreement transaction and the County continues to administer the Golden Valley Recharge Program.

WHEREAS, the County desires TMWA to provide treated water resources to the County for use in the Golden Valley Recharge Program under TMWA's the Firm Standby Partial Requirements Rate Schedule ("FSPR"), subject to the terms and conditions stated herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth below, TMWA and County agree as follows:

## **ARTICLE I**

### **AGREEMENT TO SUPPLY WATER**

TMWA shall sell and deliver to County and the County shall purchase and receive from TMWA at a point of connection between TMWA's distribution facilities in Golden Valley and the GV Facilities, water under TWMA's FSPR up to, but not to exceed, the Contract Demand to be used by the County to recharge groundwater supplies within Golden Valley in furtherance of the Golden Valley Recharge Program. TMWA shall be obligated to deliver water to County hereunder only in accordance with the provisions of this Agreement. Pursuant to TMWA's Construction Standards, County shall, at its sole expense, construct and install backflow prevention facilities at the point of connection between the Parties' water systems, if required. It is understood and agreed by the Parties that TMWA reserves the right to impose flow control measures at the point of connection to the GV Facilities at any time in order to protect the integrity of TMWA's system. TMWA may establish equipment control facilities to regulate or limit flows into the Golden Valley system as required. The cost of such equipment control facilities shall be paid by County.

## **ARTICLE II**

### **TERM**

This Agreement will become effective when all parties have signed it. The date of this agreement will be the date this Agreement is signed by the last party to sign it, as indicated by the date associated with the party's signature (Effective Date"). This Agreement shall remain in effect for a period of ten (10) years, commencing on the Effective Date and terminating on the date which is ten (10) years thereafter. The term shall automatically extend for successive five-year periods, subject to the rates, rules and regulations of TMWA, and any modification by the Parties. Prior to the end of the then applicable term, either Party may terminate the Agreement

by giving the other Party at least six months' notice, in writing, and delivered certified mail. Notice of the termination of this Agreement shall be deemed effective from the date such notice is delivered.

### **ARTICLE III**

#### **POINT OF CONNECTION**

The County and TMWA agree that the point of connection between TMWA's distribution facilities in Golden Valley and the GV Facilities ("Point of Connection") shall be at approximately the intersection of East Golden Valley Road and Beckwourth Drive in Reno, Nevada as shown in Exhibit A.

### **ARTICLE IV**

#### **CONTRACT DEMAND**

TMWA agrees to deliver and sell to County the quantities of treated water at rates not to exceed 50 gallons per minute maximum day demand, or 71.414 thousand gallons per day ("Contract Demand") but not to exceed a total of 80 acre feet of water per year ("Total Annual Volume"). County represents that the Total Annual Volume is sufficient to meet the demands required to administer the Golden Valley Recharge Program as of the Effective Date. If County desires to increase the rate of flow of its Contract Demand, such increase shall be deemed a Modified Service under TMWA's Rules and Regulations and shall be subject to the provisions of TMWA's Rules and Rates applicable to Modified Service, including water resource dedication requirements and other applicable rules regarding charges or allocation of charges for any additional facilities necessary to serve additional daily capacity.

### **ARTICLE V**

#### **WATER RESOURCES**

County shall provide to TMWA or purchase from TMWA sufficient water rights to meet the Total Annual Volume. TMWA will issue the County a will serve commitment equal to the amount of water rights dedicated for the Golden Valley Recharge Program. TMWA shall have no obligation to deliver more water than the will-serve commitment. Upon termination of the Golden Valley Recharge Program or termination of this Agreement pursuant to Article II, TMWA will (i) convey to County any water rights previously dedicated by County to TMWA and (ii) pursuant to TMWA Rule 7, issue a resource credit to County for the amount of water resources the County may have purchased from TMWA. The resource credit will be held by

TMWA for the benefit of the County and shall be assignable by the County in accordance with TMWA Rules.

**ARTICLE VI**  
**DELIVERY AND QUALITY OF WATER**

TMWA agrees to deliver and sell, and County agrees to purchase, up to the Contract Demand but not to exceed the Total Annual Volume. The quality of water supplied by TMWA shall meet all applicable County, State and Federal laws and regulations.

**ARTICLE VII**  
**RATES**

TMWA agrees to sell and County agrees to purchase water service at the price contained in TMWA's Firm Standby & Partial Requirements rate schedule (Rate Schedule FSPR) as said rate may be amended and adopted by the TMWA Board from time to time.

**ARTICLE VIII**  
**FACILITIES**

8.1 Facilities For Delivery of Water Service. The Parties agree that the service of the Contract Demand provided under this Agreement shall not require TMWA to expand system capacity. TMWA shall own and be responsible for the operation and maintenance of TMWA facilities up to the discharge side of the Point of Connection meter, including the vault.

8.2 Recharge Distribution System. County shall at all times be solely responsible for maintenance, repair and operation of its GV Facilities downstream of the Point of Connection, including, but not limited to, storage, treatment, well upgrades or rehabilitation, minimum pressure requirements, leak repairs, and protection of water quality. Each Party shall exercise reasonable care and diligence to protect the integrity of its water system and neither Party shall commit any act that jeopardizes water service.

**ARTICLE IX**  
**CURTAILMENT, INTERRUPTION AND EMERGENCIES**

This Agreement does not obligate TMWA to provide water service to County in excess of the quantities and rates of delivery stated above. TMWA reserves the right to reduce, curtail or suspend deliveries under the terms of this Agreement if an emergency arises on TMWA's treatment and delivery system that impedes or prevents TMWA from providing service to County or to otherwise reduce, curtail or suspend delivery of water under this Agreement in

accordance with TMWA Rules and the FSPR rate tariff. TMWA shall not be liable in damages to County or any third parties caused by any curtailment or interruptions of delivery. Whenever curtailment or interruption of water delivered is required TMWA shall issue a curtailment notice to County as soon as practicable. Such notification by TMWA shall specify the nature of the emergency, when it began, the anticipated impact on water deliveries to County, and an estimate of the duration of the emergency. TMWA shall resume full deliveries of water under the terms of this Agreement as quickly as possible after the emergency has been resolved. TMWA shall notify County at the time in which restoration of service is made. TMWA intends that service to County shall not be reduced to any greater or lesser extent than service to other customers of TMWA.

#### **ARTICLE X**

#### **INDEMNITY**

County and TMWA shall mutually indemnify, hold harmless and defend each other from and against any and all claims or liability for loss or damage to any persons or property which arise from the negligence or willful misconduct of either party or their respective officers, agents and employees in the performance of this Agreement. County shall not assert any claim against TMWA for loss or damage, which may result from the inadequacy of non-availability of water as to pressure, quantity, and quality or from leaks or other defects in TMWA's system unless such leaks or defects are a result of the acts or omissions of TMWA or its officers or employees.

#### **ARTICLE XI**

#### **FORCE MAJEURE**

In the event that either Party hereto shall be rendered unable, wholly, or in part, by force majeure to carry out its obligations under this Agreement it is agreed that on such Party's giving notice and full particulars of such force majeure in writing or by facsimile to the other Party as soon as possible after the occurrence of the cause relied upon, then the obligations of the party giving such notice so far as they are affected by such force majeure, other than to make payments due hereunder, shall be suspended during the continuance of any inability so caused. Such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes or other industrial disturbances, acts of terrorism or the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and peoples,



**ARTICLE XIII**  
**MISCELLANEOUS**

13.1 Governing Law, Venue. This Agreement is being executed and delivered in Washoe County, Nevada, and is intended to be performed in the State of Nevada, and the laws of Nevada shall govern the validity, construction, enforcement and interpretation of this Agreement. This Agreement is subject to all applicable laws and authorities, including the following: TMWA's Construction Standards, the Firm Standby Partial Requirements Rate Schedule, TMWA Rule 7, Artificial Recharge permit No. r-009, and Washoe County Ordinance No. 1548. Venue for any legal action arising out of this Agreement shall be in Washoe County, Nevada.

13.2 Entirety and Amendments. This Agreement embodies the entire Agreement between the Parties and supersedes all prior Agreements and understandings, if any, relating to the subject of this Agreement, and may be amended or supplemented only by an instrument in writing executed by the Party against whom enforcement is sought. No oral statements or representations made before or after the execution of this Agreement regarding the subject matter of this Agreement are binding on a Party, nor may any such oral statements or representations be relied on by a Party.

13.3 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable. The Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of the Agreement. The remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

13.4 Parties Bound and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective heirs, personal representatives, successors and assigns.

13.5 Further Acts. In addition to the acts recited in this Agreement to be performed, the Parties agree to perform, or cause to be performed, any and all further acts as may be reasonably necessary to consummate the obligations contemplated hereby.

13.6 Headings. Headings used in this Agreement are used for reference purposes only and do not constitute substantive matter to be considered in construing the terms of this Agreement.

13.7 Attorney's Fees. In the event that any action is necessary to enforce the rights of any Party hereto, the prevailing Party in any such action shall be entitled to reasonable costs and attorney's fees.

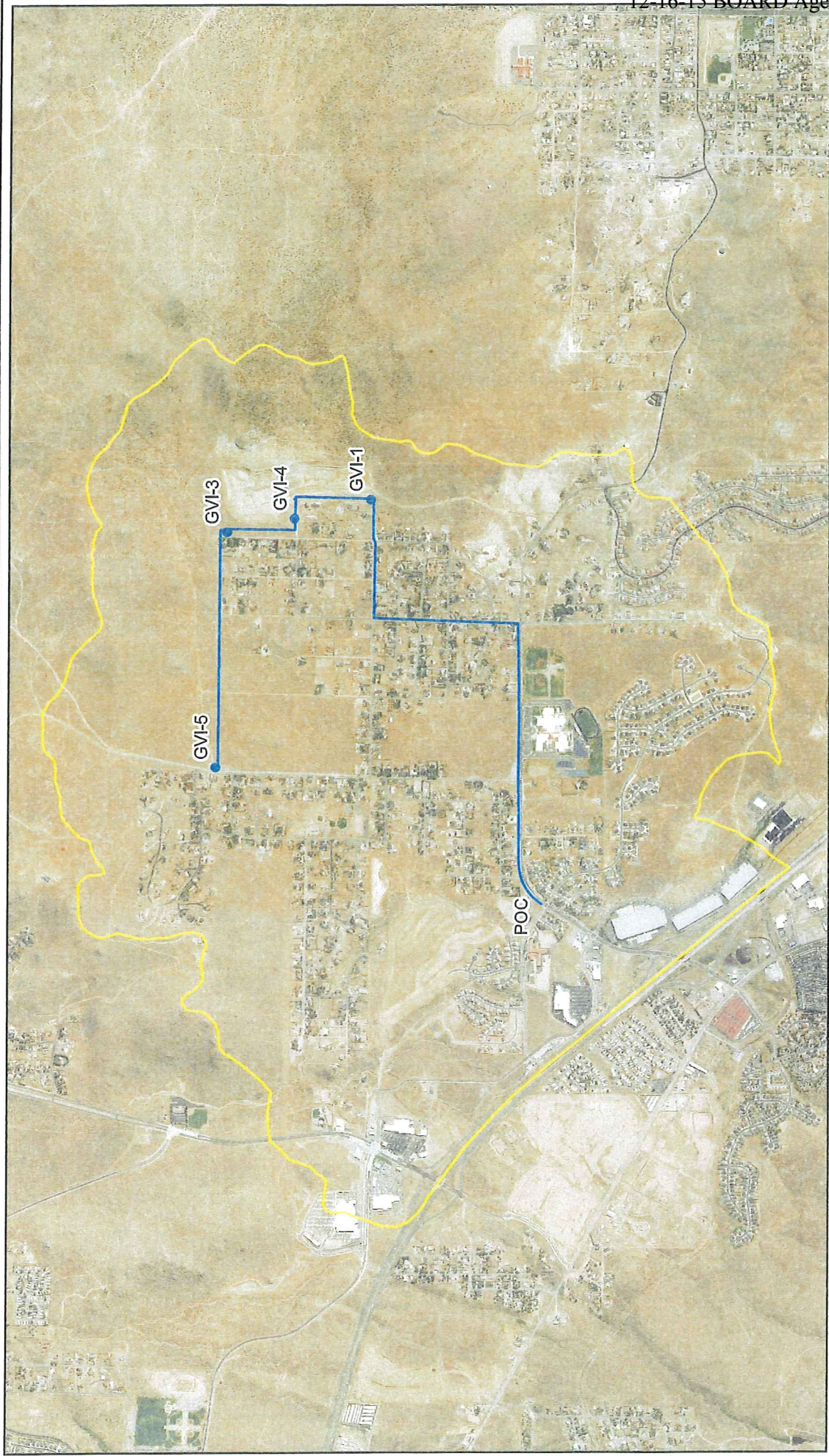
13.8 Not a Partnership. The provisions of this Agreement are not intended to create, nor shall they be in any way interpreted or construed to create, a joint venture, partnership, or any other similar relationship between the parties.

13.9 Third Party Beneficiary Rights. This Agreement is not intended to create, nor shall it be in any way interpreted or construed to create, any third party beneficiary rights in any person not a party hereto.

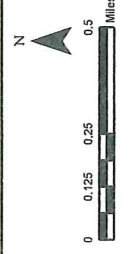
IN WITNESS WHEREOF, the Parties have executed this Agreement on the date indicated stated directly underneath that party's signature.

<p><b>"County"</b></p> <p>WASHOE COUNTY</p> <p>By: <u>Marsha Berkbigler</u> Marsha Berkbigler, Chair Washoe County Commission</p> <p>Date: <u>December 8, 2015</u></p> <p>ATTEST:</p> <p>By: <u>Nancy L. Parent</u> Nancy Parent, Washoe County Clerk</p> <p>Date: <u>December 8, 2015</u></p>	<p><b>"TMWA"</b></p> <p>TRUCKEE MEADOWS WATER TMWA, a Joint Powers TMWA</p> <p>By: _____ Mark Foree, General Manager</p> <p>Date: _____</p>
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Exhibit "A"  
GV Facilities and Point of Connection




- Recharge Well
- Recharge Water Line
- Hydrobasin Boundary



# GOLDEN VALLEY RECHARGE PROJECT

## EXHIBIT A: INJECTION SYSTEM



Washoe County Community Services Department  
 Capital Projects Division  
 Utility Division

This map is a representation of the information provided to the County and is not a guarantee of accuracy. It is not intended to be used for any other purpose. Washoe County Community Services Department